

# ***NEWS RELEASE***

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## ***OFFICE OF THE UNITED STATES ATTORNEY SOUTHERN DISTRICT OF CALIFORNIA***

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*For Immediate Release*

### **WIFE OF FORMER CONGRESSMAN AGREES TO FORFEIT PROCEEDS FROM HOME SALE AND PAY IRS MORE THAN \$1.6 MILLION IN TAXES, PENALTIES AND INTEREST**

#### **NEWS RELEASE SUMMARY - October 6, 2006**

United States Attorney Carol C. Lam announced today that United States District Court Judge Dana M. Sabraw issued an Order resolving the forfeiture action filed against the Rancho Santa Fe home of then-Congressman Randall Cunningham and his wife Nancy. Pursuant to this order, Mrs. Cunningham will forfeit her entire interest in the proceeds from the sale of the Cunninghams' Rancho Santa Fe home – including \$760,000 in equity predating Cunningham's unlawful activities. In addition, Mrs. Cunningham also signed a closing agreement with the Internal Revenue Service (IRS) in which she admitted committing civil tax violations and agreed to pay more than \$1 million in taxes and more than \$600,000 in penalties. Rather than return to Mrs. Cunningham the \$760,000 in equity not derived from criminal activity, the government will apply these funds directly to her outstanding tax liability.

The United States filed this civil forfeiture action during the summer of 2005 in order to protect the public's interest in the Cunningham home, which had been financed with more than \$1 million in bribe proceeds. On March 3, 2006, former Congressman Cunningham was sentenced to serve 100 months in custody based on his conspiring to commit Bribery, Honest Services Fraud and Tax Evasion. While the forfeiture case was pending, the United States Attorney's Office consented to the sale of the Rancho Santa Fe home, which resulted in approximately \$2 million in proceeds that were placed in escrow pending the resolution of forfeiture case.

As part of his plea agreement, Mr. Cunningham forfeited his entire interest in these proceeds. Mr. Cunningham also agreed to pay to the Internal Revenue Service (IRS) more than \$1.6 million in taxes, penalties, and interest.

United States Attorney Lam stated, "Today's order returns nearly \$2 million to the public fisc, and ensures that the Cunninghams in no way profit from the sordid conduct that occurred in this case."

FBI Special Agent-in-Charge Daniel R. Dzwilewski commented, "The government will continue to ensure that assets obtained as a result of criminal activity will be repatriated to the American public."

"Failure to report income from any source is a serious matter," said Kenneth Hines, Special Agent in Charge, IRS Criminal Investigation. "Individuals who disregard the U.S. tax code will be aggressively pursued."

**Case Number: 05cv1450-DMS(AJB)**

#### **AGENCIES**

Federal Bureau of Investigation

Internal Revenue Service - Criminal Investigation Division

Defense Criminal Investigative Service